

AMENDED IN ASSEMBLY APRIL 5, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1873**

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**Introduced by Assembly Member Huffman**

February 16, 2010

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~~An act relating to contractual assessments.~~ *An act to amend Section 38597 of the Health and Safety Code, and to amend Section 5898.28 of the Streets and Highways Code, relating to contractual assessments.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1873, as amended, Huffman. ~~Contractual—assessments.~~  
~~assessments: financing bonds: improvements.~~

*The California Global Warming Solutions Act of 2006 requires the State Air Resources Board to adopt regulations to require the reporting and verification of emissions of greenhouse gases and to monitor and enforce compliance with the reporting and verification program, and requires the state board to adopt a statewide greenhouse gas emissions limit, equivalent to the statewide greenhouse gas emissions level in 1990, to be achieved by 2020. The state board is required by January 1, 2011, to adopt greenhouse gas emissions limits and emission reduction measures by regulation to achieve the prescribed emission reductions. The act authorizes the state board to adopt a schedule of fees to be paid by the sources of greenhouse gas emissions, the revenues from which are to be deposited into the Air Pollution Control Fund, to be available for purposes of carrying out the act, subject to appropriation.*

Existing law authorizes a legislative body of a public agency, as defined, to determine that it would be convenient and advantageous to designate an area within which authorized officials and free and willing

property owners may enter into contractual assessments to finance ~~specified improvements~~ *the installation of distributed generation renewable energy sources or energy or water efficiency improvements that are permanently fixed to real property. Existing law authorizes a public agency to issue bonds to finance that work, to be repaid by voluntary contractual assessments (financing bonds).*

~~This bill would state the intent of the Legislature to enact legislation to assist public agencies finance contractual assessment programs, and in doing so, create local jobs, stimulate local economies, and improve the environment.~~

*This bill would authorize the state board to use those fee revenues to purchase those financing bonds, subject to appropriation.*

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1     SECTION 1. *The Legislature finds and declares all of the*
- 2     *following:*
- 3     (a) *Global climate change poses serious risks to California's*
- 4     *public health and natural environment, including significant threats*
- 5     *to air and water quality and irreparable damage to ecosystems*
- 6     *and wildlife.*
- 7     (b) *This state has established clear policy goals, through*
- 8     *measures such as the California Global Warming Solutions Act*
- 9     *of 2006 (Division 25.5 (commencing with Section 38500) of the*
- 10    *Health and Safety Code), to address global climate change.*
- 11    (c) *The Legislature has also established clear policy goals to*
- 12    *promote energy efficiency, reduce the state's reliance on fossil*
- 13    *fuels, and increase the state's energy independence.*
- 14    (d) *The promotion of renewable energy sources along with*
- 15    *increased efficiency reduces pollution and greenhouse gas*
- 16    *emissions and has a positive effect on air quality.*
- 17    (e) *Investment in energy and water efficiency improvements is*
- 18    *also of benefit to California's economy, stimulating financial*
- 19    *investments and creating new jobs.*
- 20    (f) *The protection of California's natural resources helps*
- 21    *stimulate our economy, especially industries related to tourism,*
- 22    *fishing, and new technologies, as well as enhancing citizens'*
- 23    *quality of life.*

1     (g) *Residential property improvements to energy and water*  
2     *efficiency financed by contractual assessments authorized by*  
3     *Section 5898.20 of the Streets and Highways Code provide a public*  
4     *benefit to everyone in California.*

5     SEC. 2. *Section 38597 of the Health and Safety Code is*  
6     *amended to read:*

7     38597. (a) The state board may adopt by regulation, after a  
8     public workshop, a schedule of fees to be paid by the sources of  
9     greenhouse gas emissions regulated pursuant to this division,  
10    consistent with Section 57001. The revenues collected pursuant  
11    to this section, shall be deposited into the Air Pollution Control  
12    Fund and are available, upon appropriation, by the Legislature,  
13    for purposes of carrying out this division.

14    (b) *The state board may use revenues deposited in the Air*  
15    *Pollution Control Fund pursuant to this section to purchase bonds*  
16    *issued pursuant to Section 5898.28 of the Streets and Highways*  
17    *Code to finance the installation of distributed generation renewable*  
18    *energy sources or energy or water efficiency improvements, upon*  
19    *appropriation by the Legislature for that purpose.*

20    SEC. 3. *Section 5898.28 of the Streets and Highways Code is*  
21    *amended to read:*

22    5898.28. A public agency may issue bonds pursuant to this  
23    chapter, the principal and interest for which would be repaid by  
24    voluntary contractual assessments. A public agency may advance  
25    its own funds to finance work to be repaid through voluntary  
26    contractual assessments, and may from time to time sell bonds to  
27    reimburse itself for ~~such~~ *those* advances. A public agency may  
28    enter into a relationship with an underwriter or financial institution  
29    that would allow the sequential issuance of a series of bonds, each  
30    bond being issued as the need arose to finance work to be repaid  
31    through voluntary contractual assessments. The interest rate of  
32    each bond may be determined by an appropriate index, but shall  
33    be fixed at the time each bond is issued. Bond proceeds may be  
34    used to establish a reserve fund, and to pay for expenses incidental  
35    to the issuance and sale of the bonds. Division 10 (commencing  
36    with Section 8500) shall apply to any bonds issued pursuant to  
37    this section, insofar as that division is not in conflict with this  
38    chapter.

39    ~~SECTION 1. It is the intent of the Legislature to enact~~  
40    ~~legislation to assist public agencies finance contractual assessment~~

- 1 ~~programs, and in doing so, create local jobs, stimulate local~~
- 2 ~~economies, and improve the environment.~~

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